

Government of the Peoples Republic of Bangladesh
Ministry of Agriculture
Planning section-2
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Subject: Minutes of the 2nd Project Steering Committee (PSC) Meeting of “Increasing Access to Finance for Farmers Organizations’ in Bangladesh” financed by the Missing Middle Initiative (MMI) of Global Agriculture Food Security Program (GAFSP).

Chair : Md. Nasiruzzaman, Secretary, Ministry of Agriculture
Venue : Virtual over Zoom platform
Date : 09 September 2020
List of participants : Annexure-1

The Chairperson of the meeting welcomed all members/representatives of the Project Steering Committee (PSC) of Missing Middle Initiative (MMI) and requested MMI Coordinator of FAO to present the working paper. MMI Coordinator started his presentation with good news that the GAFSP has awarded additional 1.22 million USD fund for Bangladesh MMI to support smallholder farmers in response to COVID-19. He has briefed salient features of the project and key achievements in last two and half years. He shared updated status of the decisions of first PSC meeting held on 26 September 2019, which are briefly depicted below:

2.1 First PSC Decision 1- Access to finance for smallholder farmers and their organizations should be channelized from formal financial institutes: According to this decision Altogether, 507 (female-257 & male 250) members of these 38 FOs received BDT 23,259,500 (USD 274,000) as agricultural loan at 5-10% interest rate.

2.2 First PSC Decision 2-MMI grant should be invested on establishment of common facility centers like drying floor, storing facilities: The project has backstopped MMI producers organisations and so far developed 14 Community Farm Machineries sheds, 11 Seed Villages with drying and storage facilities, 2 medicinal plant nurseries, 19 Common Facility Centers equipped with feed processing machineries (ongoing), 9 community nursery ponds, 3 poultry feed machine sheds with incubators and 6 fish feed machinery sheds.

2.3 First PSC Decision 3-The performance of MMI farmers organizations would be assessed regularly and the project may rank/categorize: To comply this decision, the project has developed a performance assessment mobile app by giving weight on Organizational management- 40, Accounts Keeping- 20, Value chain-20. To rank Producers organizations (POs), it was decided that those obtain more than 60 will fall under ‘A’ category, POs obtain 50-60 will be under ‘B’ category and less than 50 will be ‘C’ category organizations. As of June 2020, 40 (POs) ranked ‘A’ and rest 15 POs were assessed as ‘B’ category PO. All ‘A’ category POs received final MMI grant of about USD 22000 and ‘B’ category POs received only pilot and learning grant of about USD 2000.

2.4 MMI Coordinator informed the meeting that the project has completed delivery of output-1 and output-3 but some important activities under output-2 including product mapping, value chain promotional activities, creditfair, buyer-seller meeting, introduction of innovative technologies, etc. disrupted due to COVID-19 Pandemic. However, as of August, 2020, financial progress of the project is about 71 percent (spent 1.77 million USD of the total 2.48 million USD). He added that with technical backstopping of MoA and FAO-MMI, 57 Virtual Call Centers (VCCs) have been established in northern and southern regions of Bangladesh, allowing farmers to continue selling their commodities, buy essential inputs and services, and share best practices and guidance during this critical time.

2.5 He opined that an extension required for one and half years i.e. upto 27 September, 2022 instead of 27 March, 2021 to complete the disrupted activities and additional activities as GAFSP awarded additional fund for smallholders in response to the pandemic. He added that with additional finance, the project has provision to establish a safe food production unit at each PO. In line with the **one-health approach**, the project will introduce and provide training on Good Agriculture Practice (GAP), good transportation practices, traceability systems and sanitary and phyto-sanitary controls. Such activities would be a foundation stone of investment on establishment of accredited *phyto-sanitary testing labs to ensure food safety* and improvement of cold chainto keep surpluses of perishable commodities from spoiling.

2.6 The MMI Coordinator also informed that the additional finance (1.22 million USD) from the GAFSP will be utilized for providing protective health gear to the farmers, maintaining bio-security in farms, establishing safe food production unit at each PO, machinery rentals, good transportation practice and continuing the endeavour of virtual call canthers. It was discussed that USD 825,000 will be disbursed through Letter of Agreement (LoA) signed between FAO and MMI-POs and the rest amount will be directly supported to the POs for skill development of Farmers Business Facilitators (FBF), clusters survey and evaluation etc.

2.7 After presentation, the Chair requested farmer organizations representatives to discuss on their present status through raising hand in zoom link as they have good digital orientation. At first, Rita Brama, President, Maddhya Rakudia IPM Club, Barisal told that producer organizations (POs) are now well organized and confident. Organizations are now skilled enough to maintain finance, ensure governance and accountability. Considering importance of financial literacy, MMI developed 20 farmers business facilitators (FBF) specialized in financial matter and they developed 110 accountants, two in each organization. She added that they can develop bankable business plan using FAO's *RuralInvest* Tool-kit and using collect dot app they can collect monitoring data and send it to MMI officials. She also added that POs have established 55 common facility centers and 15 value chain based 55 business plans. Rita shared that, to overcome crisis created during COVID pandemic POs of MMI developed 57 Virtual call centre (VCC) for bulk buying and selling agricultural inputs and produce. It helps them to continue their production and livelihood. Adding further she told that they are also able to plan

individually and planning to produce safe vegetables at community level and use advance technology to strengthen VCC.

2.8 Farmer representative Mr. Abdul Kader Mamun mentioned that he belongs to the Kashimpur Bagher Bazar Krishi Samobay Samity, Gazipur which was mobilized by the IAPP in 2012. They joined with MMI in 2018. The members of the cooperative are specialized in paddy seed production. The BADC gives foundation seed to them every season and buy back certified seeds. They sell surplus seeds to villagers, seed companies and dealers. This year they produced Aus seeds in 10 acres compact land, 4 tons already harvested, dried and supplied to BADC, rest six tons will also be purchased by the BADC. He informed the meeting that members of the cooperative developed their 'Seed Village' business plan by using Rural Invest toolkit for Boro-Aus-Aman cropping pattern. To mitigate risk of COVID-19 and keeping food supply chain open and safe, like other 55 POs they have opened Virtual Call Center (VCC). He also added that MMI has backstopped them to establish a strong network with both upstream and downstream value chain actors which facilitate them to sell their products to distance buyer directly and purchase quality inputs in bulk through VCC. They have purchased seed dryer and power thresher and establish a farm shed with MMI pilot fund. With final grant they will produce more seeds as there are unmet market of quality seeds.

2.9 Renu Bala, President of Panjarbhanga Mahila Dugdhha Utpadnkari Samobay Samity Ltd, Naogaon shared her testimony to the Chair for his continuous help to their coop. She noticed that members of the coop faced some challenges of selling milk due to COVID-19 but MMI has provided a mini chilling tank to preserve milk if unsold. She opined that all members are looking for MMI final grant which they will invest on dairy cattle to increase milk production which facilitate them to link with large processors. She also urged the Chair to advise appropriate authority to save Panjarbhanga village from recurrent flood in each year as it is situated in Teesta river terrain. This year they have faced floods three time during early May and monsoon.

2.10 Mr Shamsul Alom, Deputy Director (Export), Quarantine Wing, DAE expressed his gratitude to include him in the committee for exploring potential countries for export of potato. Last season with the assistance of FAO-MMI and DAE, in collaboration with Bangladesh Potato Exporters Associations (BPEA), potato producers' organizations, regional and Upazila officials Of DAE and SRDI nine workshops have been conducted to follow GAP protocols to produce exportable potato. Eventually with the gracious presence of Hon'ble Secretary, three POs of MMI has exported 1000 MT potato produced following GAP. Besides, amidst of COVID-19 Bangladesh exported 53000 MT potato to Malaysia, Nepal and UAE. This was possible due to proper direction from MoA and strong mobilization of POs by MMI. Mr Alom has commended to invest more on identifying exportable commodity cluster and mobilize commodity-based POs in each cluster following MMI approach. He gave good news that Bangladesh will soon export Betel leaf to EU countries by complying all sanitary and phyto-sanitary measures. He opined that now is the time for investing more on safe vegetables with traceability measures but producing safe food is not possible by an individual farmer, only strong POs like MMI can compete here.

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2.11 The Chair person has informed the meeting that a GAP policy is about to be finalized by the PPC wing, MoA and requested Dr. Md. Abdur Rouf, Additional Secretary, PPC Wing to update the meeting about its approval status. Dr Rouf informed that the GAP policy will be placed to cabinet for clearance and by 2-3 months it will be endorsed. He also opined that GAP will facilitate accreditation/certification of exportable commodities and will be beneficial for the exporters, entrepreneurs and farmers.

2.12 Mr Shahid Reza, Deputy General Manager, Agricultural Credit Division of Bangladesh Bank told that in response to COVID-19, Government has declared 5000 crore BDT stimuli with 4 percent interest for all loan schemes which MMI producers can receive from any rural branches of NCBs. He referred a conversation between Hon'ble Secretary and Governor of Bangladesh Bank about opening of 'Agent Bank' with producers' organizations. BB Governor appreciated the idea. Mr Reza requested MoA to issue a DO letter, so that it would be included into the 'Agricultural and Rural Credit Policy' next year.

2.13 Mr Tasharof Farazi, Joint Chief, Crop wing, Planning Commission gave his testimony to the FAO for its support to establish the Milk Vita for which urban consumers are now getting pasteurized milk which is safe. Mr Farazi told that Bangladesh is now self-sufficient in beef meat production. Due to COVID-19, this year during Eid-ul-Adha our farmers could not sell about 200000 cattle. Therefore, FAO and Ministry of Fisheries and Livestock should work together to stop importing beef to protect interest of smallholder beef cattle farmers.

2.14 Mr Mohammad Yousuf, Director General, Department of Agricultural Marketing has stated that this project is a timely initiative and shows a good example of collaboration of the MoA and FAO. He expressed his interest to involve with MMI in both Rangpur and Barishal regions. He will direct regional offices of DAM in Rangpur and Barishal to work with MMI for market linkage, value chain development, establishment of collection point, etc.

2.15 Mr Robert Simpson, FAO Representative in Bangladesh told that it is appreciating that so many institutes are working together to support MMI – producers' organizations (POs). He told that COVID-19 has tremendous impact on upstream and downstream supply chain that are beyond these organizations. It confirms to all of us that it's not just only empowering POs itself, it's about making a stable business climate. Putting his trust, Robert told that additional funding and project extension will be endorsed by the MoA, but from now onward it is important to explore how to mainstream the project concept, extend its approach from 55 POs to 50000 POs across Bangladesh. He emphasized on strengthening apex organization to create economy of scale. He also gave importance on investment on food safety, sanitary and phyto-sanitary measures, e-commerce, big data management and access to finance.

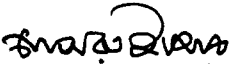
2.16 Dr. Md. Abdul Mueeed, Director General, Department of Agricultural Extension commended that it is evident farmers supported by the MMI are working very well. Considering success of MMI, FAO should not limit its activities only within Barishal and Rangpur. He requested the Ministry of Agriculture to mainstream this innovative approach countrywide. Regarding export of agricultural commodities, Quarantine wing and DAE should plan from now to ensure traceability and practicing GAP, so that Bangladesh can export more.

2.17 The Chairperson concluded that MMI POs should be strengthened so that they can provide support to members on access to finance, especially to the government stimuli of 4% interest loan schemes, access to export market and business services. He suggested leader of POs and their apex Sara Bangla Krishak Society to keep continue their efforts.

3. Decisions:

- 3.1 Additional budget of USD 1.22 million from GAFSP will be utilized for farmers health, farm bio-security, safe food production, machinery and transportation rentals and operation of virtual call centers, etc. to MMI-POs through Letter of Agreement (LoA) and direct support from FAO-MMI project.
- 3.2 Agent banking should be started with strong POs of MMI. FAO-MMI team can provide 'A' category POs list to the Bangladesh Bank and National Commercial Bank (NCBs) for piloting.
- 3.3 Considering activities disrupted due to COVID-19 pandemic, and approved additional activities with additional fund received from the GAFSP – the project can be extended for one and half years (up to September 27, 2022) after end of the current period of 27 March, 2021.
- 3.4 FAO should explore how to mainstream MMI approach across the country by strengthening apex producers' organizations.

As there was no other agenda, the meeting ended with vote of thanks.


Md. Nasiruzzaman
3-10-2020
Secretary
Ministry of Agriculture